

Critical Success Factors

- Technology
- Customers
- Speed
 - First to market
 - Growth of world class sales force
 - Major acquisitions: Icon CMT, EUnet, Supernet, LCI
 - Major alliances and partnerships: Microsoft, Netscape, Cisco, Internet2, Covad
 - Major customer penetration

Critical Success Factors

- Technology
- Customers
- Speed
- Execution
 - Growth in revenues: \$700 million to \$3 billion
 - Continued to invest for future growth while meeting/exceeding targets/expectations
 - Growth in shareholder value: \$3 billion to \$20 billion
 - Looking ahead
 - Grow share in traditional voice
 - Accelerate multimedia initiatives

Qwest Moves to the Last Mile

- Objective
 - Ensure direct broadband connectivity to customers
 - Leverage assets for a strong negotiating position
- Accomplishments to date
 - Covad investment/DSL access
 - Quietly building local as part of overall network
- Future
 - More partnerships
 - Expect open access

DSL Capabilities Through Covad

- 22 major cities and 1200 POPs by year end
- Qwest collocation space in 600 POPs
- 2.6 million small businesses passed
- 25 million homes passed

Qwest Metropolitan Area Networks

- Ten Cities Completed

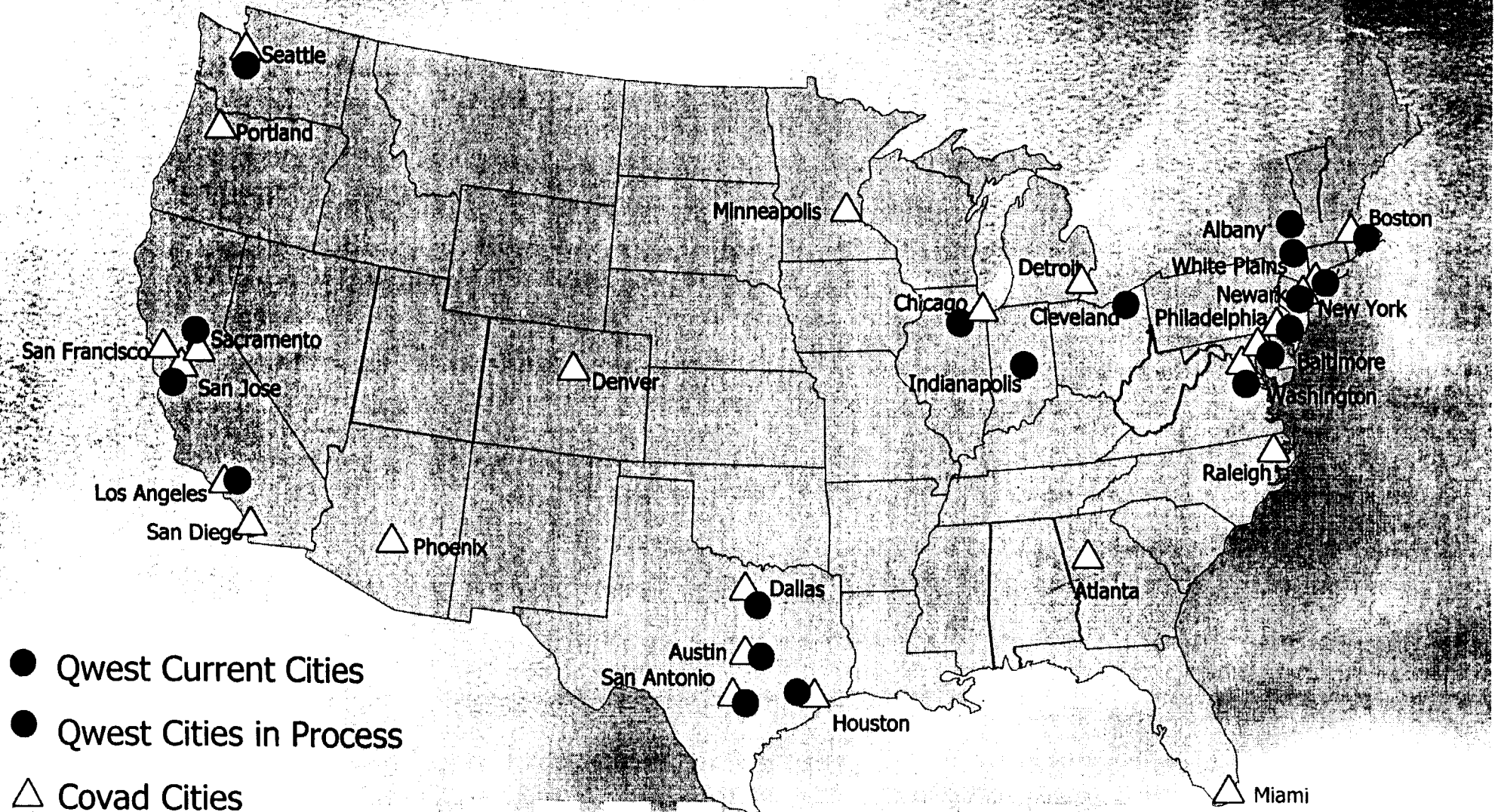
- Boston
- Chicago
- Cleveland
- Dallas
- New York
- Philadelphia
- Sacramento
- San Jose
- Seattle
- Washington, DC

Qwest Metropolitan Area Networks

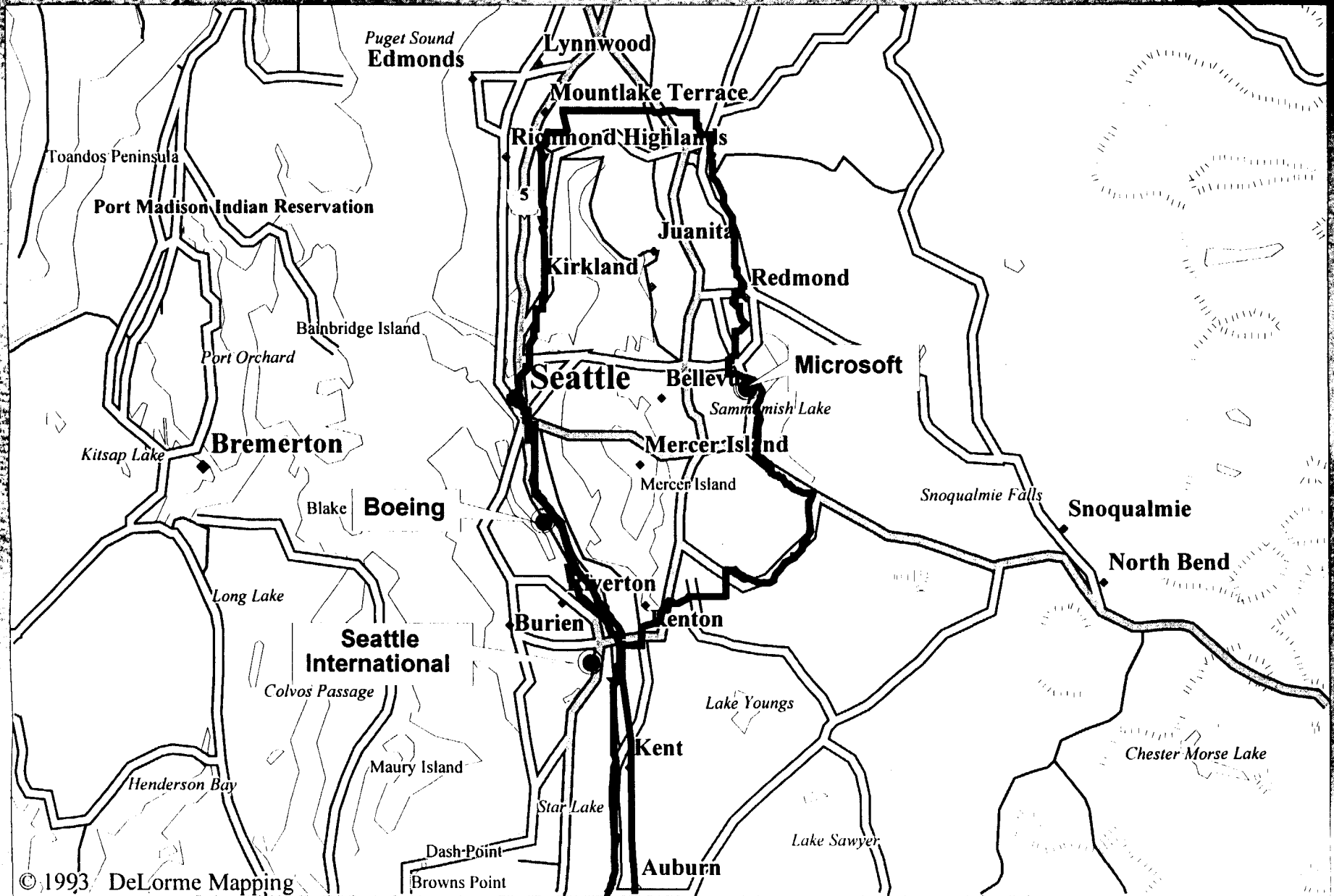
- Partially Completed Cities

- Albany
- Austin
- Baltimore
- Houston
- Indianapolis
- Los Angeles
- Newark
- San Antonio
- White Plains

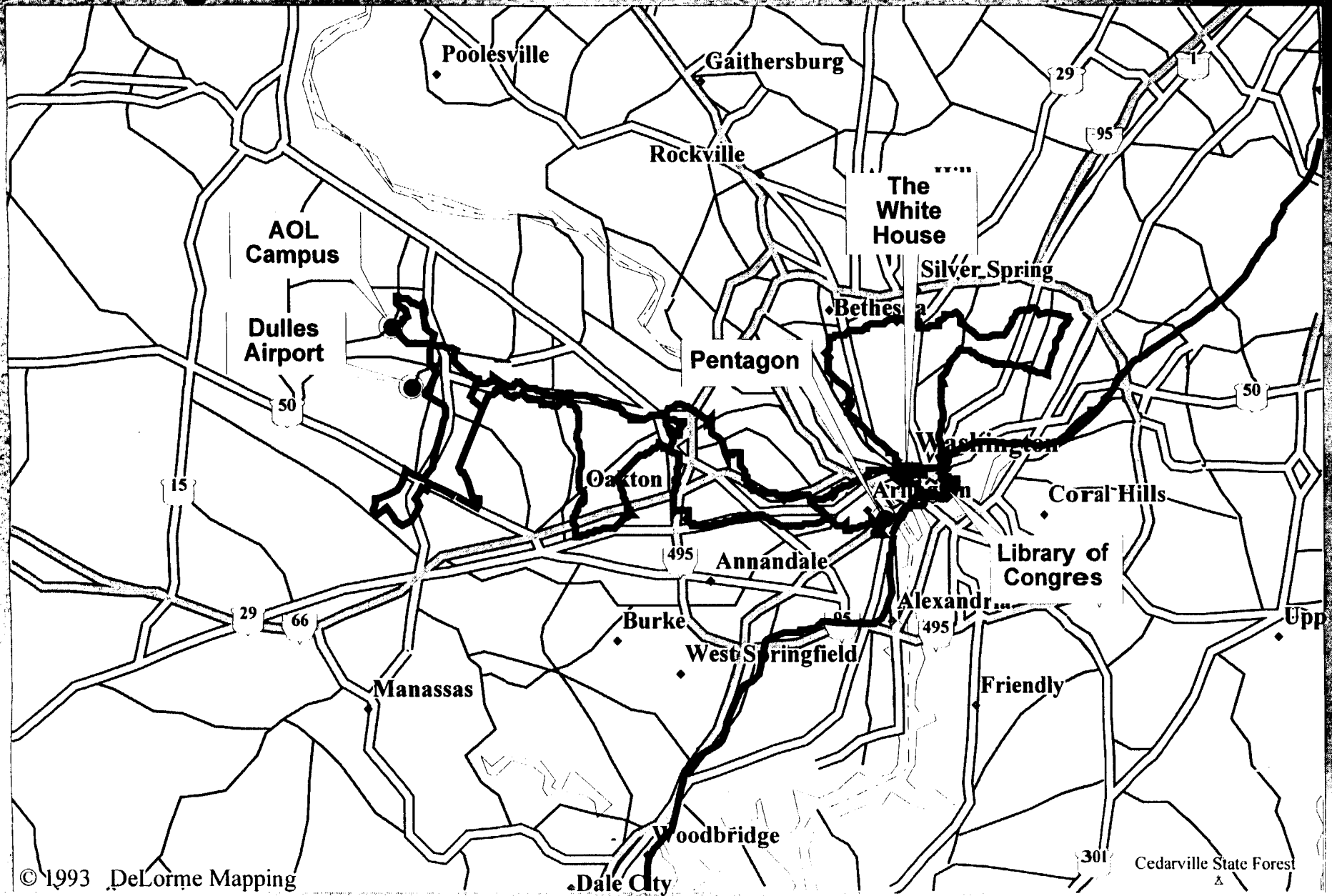
Qwest Metro Networks Overlap Covad Cities



Seattle, WA



Washington DC



Strategic Direction in 1999

- Complete network construction
- Grow share in traditional telecom services
- Expand leadership position in IP/multimedia convergence
- Establish KPNQwest as a leader in Europe, and further global expansion including Asia
- More strategic partnerships and alliances
- More active in local connectivity area

Strong momentum for growth!

Today's Headlines

- Reaffirming financial targets, strong growth in every market sector
- New network construction/completion schedules
- Local city networks - 10 complete/9 in process
- Launch schedules for new IP, Web hosting and E-Commerce services
- Qwest approach to Japan, Asia Pacific market
- Launch of new brand campaign, ad agency

**Denver Economic Club
May 11, 1999
Joe Nacchio Talking Points**

Good evening everyone.

I have looked forward to the opportunity to be with you because I feel that the Qwest story has evolved so quickly in Denver that some people may not be sure just who we are and what we are about.

To be clear, Qwest does provide long distance services. But our vision is to create a dominant network platform that enables our customers to seamlessly exchange images, data and voice as easily as traditional telephone networks enable voice communications.

Said another way, our vision is about enabling applications and services on the Internet.

And that's why we call ourselves an Internet communications company.

I'd like to share a few facts about Qwest that you may not be aware of....

We have virtually completed our network of 18,500 miles that began in 1994. And we announced in February that we'll be adding another 315 miles by the end of this year.

We have moved into Europe and we expect to expand our connection to Japan and the Asia Pacific Region.

We have announced one joint venture with KPN, the Dutch telecommunications company, to build a 9,100-mile fiber optic network reaching 40 key markets in Europe.

We have done three acquisitions---Icon CMT, an Internet solutions provider...Eunet, a leader provider of European Internet services...and LCI International, which had a large business and consumer customer base, and a strong billing and services platform.

We also have completed five strategic alliances---Microsoft, Bell South, Netscape, Covad Communications, and Rythym's Net Connections.

And this morning we announced that we are joining with SAP America and Hewlett-Packard Company to sell Internet-based services to businesses around the world.

These relationships are helping us build upon our core competency in telecommunications ...to become a leading edge company that is creating a new network platform.

That platform enables electronic commerce and other Internet-based applications.

In recent months, we have grown revenues across all of our markets...and gained a critical foothold with large business customers.

We now have contracts in place or under way with 48 of the Fortune 50 firms and 300 other major companies and government agencies.

We recently added such customer names as America Online, Microsoft, Ford Motor Company, Boeing, Delta Airlines, CNN, RE/MAX and IBM.

In 1998, we grew our revenue from \$700 million to a pro forma \$3 billion. This year our estimate is for about \$3.4 billion in revenue.

Our market capitalization grew from \$8 billion a year ago to \$20 billion at the end of 1998 ...to nearly \$33 billion in market capitalization as we meet today.

And if you look at shareowner value, \$100 invested in Qwest common stock on June 23, 1997, when we had our IPO, would be worth close to \$800 today.

This compares to the S&P 500 index, which would have produced about \$150 during the same period.

When people talk about what we've accomplished, they initially tend to focus on the technology...everybody is enamored by the power of fiber and circuits and code.

And it really is amazing how far we've come.

Qwest has reached a pivotal point in expanding its franchise.

We are moving from a U.S. centric to a global business...
and a from a traditional telecommunications company to a
fast track, multi-media Internet services firm.

The key by-product of our technology is the convergence of
data, image and voice communications into a whole new
communications model.

That means a communications model with pathways to
move data or images at the speed of light and with near
infinite capacity.

It also means creating applications and services for
customers to use on our network through our Web hosting
Cybercenters.

And it means making it all as easy as a phone call.

Because making it easy is what customers desire.

There are three parts to the Qwest story:

One part of the story is the technologies we're deploying to serve customers.

The second part is about the opportunity that is available to us.

And the last part of the story is about the company we're building to take full advantage of the opportunity.

Let's start with the technologies:

I could talk for the next several hours about bandwidth, speed, scalability, security, reliability and other technical measures of our network.

But I can sum all that up in a very simple statement.

Qwest is building the highest capacity, most reliable, fastest network in the world.

We are implementing our vision.... Which is to create a new network that enables e-commerce and other Internet-based applications.

Of course, we will do this building upon our core competency in telecommunications.

We are about to complete the last few miles of our network construction in the U.S. – we'll be finished with 18,500 miles in June, as planned.

And we'll add 315 additional miles, which we announced only three months ago, by year-end.

We also are placing fiber optic cable in 19 cities so we can directly connect to business customers on our own assets.

In addition, we have made investments in two firms: Covad Communications and Rythms NetConnections, for digital subscriber lines in key markets that will help assure local broadband, digital connectivity and services.

In Mexico, we are building a 1,400 mile route that will be completed soon.

In Europe, we are building a 9,100 mile fiber optic network connecting 40 cities.

We're doing this as a joint venture with KPN, the Dutch Telecommunications Company.

We also are a part owner of the latest digital cable to Europe, known as TAT 14.

That cable will connect to the KPNQwest network.

In the Asia Pacific region, we announced last summer our role with a consortium in building a 13,125-mile cable route from California to Japan and the Pacific Rim.

This route will be completed in the second quarter of the year 2000.

Meanwhile, we are considering the opportunity to further expand our business model to Japan and the Asia Pacific region.

The Qwest network is the first network built for the 21st century demands of Internet-based communication.

Nobody has anything like it.

(Pause)

Let's shift from what we've built to why.

Some people think a good definition of leadership is to find a parade to lead.

We think it's far better to create a parade and stay in front of it.

The global march to the Internet is a parade of historic importance...A phenomenon that is ultimately going to be as important to how we live and work as was the creation of the printing press or industrial revolution.

The power of the Internet becomes more obvious every day.

Internet use is doubling every three or four months.

Just a couple of years ago, e-commerce was measured in the tens of millions of dollars.

Today, it is estimated to be a market valued at between \$3 billion to \$1 trillion.

The Web is impactful...it is where shopping is done...where homework is researched...where travel plans are made...where recipes are found...where cars are bought...and, increasingly...where personal communications are managed.

A recent article in the Wall Street Journal illustrates to me why this phenomena will continue.

The article described the attitudes of this year's freshman class.

It pointed out that 17 and 18-year-olds have grown up in a world very different to our experiences at a similar age.

They've never used a dial telephone...

They have always had an answering machine...

They never had to get up to change the TV channel...

They've probably never had an antenna on the roof of their homes...

They can't imagine that television was once just three networks...

They've always cooked popcorn in a microwave...

The Great Depression, to them, happen in 1987 and lasted a couple months...

And they never owned an eight track, much less a vinyl album.

By the time they graduate from college and start earning money, buying a car in a dealer showroom will seem like a huge waste of time... and so will going to a record store... or, for that matter, even the bank.

When we talk about the next-generation network, these are the people who will be using it.

To many of us, the discussion we are having today is about change and the transition to new possibilities.

To college students... it's just the way things are.

When talking about the possibilities of technology and the Internet... it's almost impossible to exaggerate.

Change the world?

Change how we live?

Change economics?

Sure, it's going to do all of that. And more.

The influence of technology and the Internet in our lives could be as significant as the invention of television or automobile.

Qwest is creating a company at the very core of the revolution... an enabler and a player at the same time... creating both the highway and the demand.

It takes a unique kind of company to do that.

Here is our formula.

Continue to deploy cutting edge technology

Always be agile and quick in the market.

And assure employees are focused on customers.

In creating Qwest, we've managed to cover a tremendous amount of ground very quickly... maybe faster than any company ever has before.